

ZEV Program Credit Glut Situation and Solutions

Cal ETC Analysis and Presentation

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December 5, 2006



Overview of Presentation

- Comparison of CalETC and staff analysis of the credit glut
- Implications of the credit glut based on the 2001 ZEV Program
- Implications of the credit glut based on the Nov 21 staff strawman proposal



Comparison of CalETC and staff analysis of the credit glut

- CalETC has been investigating the credit glut for the last two months
 - Based on published information, newspaper quotes, etc
- CARB low and high estimates are too low.
- The CalETC low estimate could be too low, as several factors could make it much worse.

Staff Estimate of Credits is too low

Grand Total CalETC low case credits in early years	Vehicles made in 2002	1999-2001* credits	2002 credits	2003 credits	2004 credits	2005 credits	2006 credits	2007 credits	Total 1999-2007 credits	Total vehicles
CalETC low case NEV total credits 1999-2005	29,200	800	62800	15250	3375	441	NA	NA	82666	31500
CalETC low case BEV total credits 1999-2005	675	13800	9291	553	0	0	NA	NA	23644	1789
CalETC low case FCV total credits 1999-2004	25	0	1040	500	700	NA	NA	NA	2240	122
CalETC low case station car total credits '03 - '07	0	0	360	180	3225	5447	5423	7760	22396	2060
Grand Total CalETC low case credits		14600	73491	16483	7300	5888	5423	7760	116345	35471
Grand Total staff low case credits		14000	38030	1170	0	0	0	0	53200	9164

Because of the expected program delay in 2003 and 2004, credits are accumulating and not being used. Using credits is the Solution. As much as 37,000 credit would have been used in 03 & 04



OEMs Don't Have to Do Anything For A Long Time Under 2001 Program Rules

- The CalETC low case is 94,000 credits (BEV, NEV, FCV)
 - 116,000 if E-motion can do 2000 vehicles in four years
- The CalETC high case is about 160,000 credits, mainly due to full placement of NEVs by March 31, 2003
- Increased numbers of BEVs or station cars can also make the CalETC low case estimate much larger
- Worst case, if you believe all of the press releases and other public data and if E-motion does what they say, it could be 250,000 to 300,000 credits.



Staff Proposal Makes Credit Glut Much Worse

- It pushes out the start of ZEV production by about 2 years.
- It reduces the number of ZEV produced in MY 2005 to MY 2010 by about 66%
- CalETC has a three part strawman solution to solve the credit glut